

CASE

NUMBER:

99 - 355

IN THE MATTER OF PATCHEN PLACE APARTMENTS ALLEGED
VIOLATIONS OF ADMINISTRATIVE REGULATION 807 KAR 5:022

SEQ NBR	ENTRY DATE	REMARKS
0001	09/03/1999	Order scheduling 9/30 hearing; response to Inspection Report due 9/23
M0001	09/13/1999	AIMCO ANN FELKNOR-LETTER REQUESTING EXTENSION BY (FAX) DATE PROBLEM WITH ORDER
0002	09/14/1999	Letter to Ann Felknor in response to her 9/13 fax
M0002	09/20/1999	ROD BEVERSTEIN AIMCO-REQUEST FOR PENALTY TO BE DIMISSED
M0003	09/22/1999	ROBERT SWISHER PATCHEN PLACE APART-RESPONSE TO PSC ORDER CONCERNING INSPECTION REPORT
0003	09/24/1999	Order scheduling 9/27 informal conference
0004	10/14/1999	Settlement Agreement
0005	10/14/1999	Informal Conference Memorandum
0006	11/03/1999	Settlement Agreement
0007	01/13/2000	Final Order entered, incorporating settlement agreement, \$500 due 1/24/2000.
M0004	01/27/2000	ROBERT SWISHER PATCHEN PLACE-PENALTY CHECK FOR 500.00 PER ORDER
0008	02/23/2000	Full payment receipt for penalty of \$500.00

1999-355

VII-J-237

Box 45

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PATCHEN PLACE APARTMENTS ALLEGED)	CASE NO.
VIOLATIONS OF ADMINISTRATIVE)	99-355
REGULATION 807 KAR 5:022)	

RECEIPT OF PAYMENT

This is to acknowledge receipt of one check in the amount of \$500.00, payable to Kentucky State Treasurer on January 27, 2000 from Patchen Place Apartments. This represents full payment of the penalty assessed against them in the above-styled action.



Stephanie Bell
Secretary of the Commission
Dated February 23, 2000

LAW OFFICES

**GERALDS, JONES, SHERROW,
SCHRADER & RICE, P.S.C.**

Oscar H. Gerald, Jr.
Ernest H. Jones, II
Billy W. Sherrow
John P. Schrader
John G. Rice

OLD NORTHERN BANK BUILDING
259 WEST SHORT STREET
LEXINGTON, KENTUCKY 40507-1237

(606) 255-7946
Fax (606) 233-4099

Robert L. Swisher
Patsey Ely Yewell
Cheryl D. Morgan

Of Counsel,
Frances Gerald Rohlifing

RECEIVED

JAN 27 2000

GENERAL COUNSEL

January 27, 2000

Public Service Commission
Attn: Office of the General Counsel
730 Schenkel Ln.
Frankfort, KY 40602

RECEIVED

JAN 27 2000

PUBLIC SERVICE
COMMISSION

RE: Public Service Commission Citation
Case #99-355
Patchen Place Apartments

Dear Gentlemen:

Pursuant to the Order entered in the above referenced case please find enclosed herewith a cashier's check payable to Kentucky State Treasurer in the amount of \$500.00 pursuant to numerical paragraph three (3) of the Order.

Please advise if you have any questions relative to the foregoing. Thank you.

Sincerely,



Robert L. Swisher

RLS/aad
enclosure

INDEX FOR CASE: 1999-355
PATCHEN PLACE APARTMENTS
Investigation - Service
COMPREHENSIVE INSPECTION

IN THE MATTER OF PATCHEN PLACE APARTMENTS ALLEGED
VIOLATIONS OF ADMINISTRATIVE REGULATION 807 KAR 5:022

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COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION

730 SCHENKEL LANE
POST OFFICE BOX 615
FRANKFORT, KY. 40602
(502) 564-3940

CERTIFICATE OF SERVICE

RE: Case No. 1999-355
PATCHEN PLACE APARTMENTS

I, Stephanie Bell, Secretary of the Public Service Commission, hereby certify that the enclosed attested copy of the Commission's Order in the above case was served upon the following by U.S. Mail on January 13, 2000.

Parties of Record:

Tom Combs
Maintenance Supervisor
Patchen Place Apartments
200 Patchen Place
Lexington, KY. 40517

Honorable Robert L. Swisher
Attorney for Patchen Place
Gerals, Jones, Sherrow, Schrader
& Rice, P.S.C.
259 West Short Street
Lexington, KY. 40507

Stephanie J. Bell

Secretary of the Commission

SB/sh
Enclosure

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PATCHEN PLACE APARTMENTS)	
)	
_____)	CASE NO. 99-355
)	
ALLEGED VIOLATIONS OF)	
ADMINISTRATIVE REGULATION)	
807 KAR 5:022)	

O R D E R

Patchen Place Apartments ("Patchen Place") operates a master meter system that receives natural gas from Columbia Gas of Kentucky and Columbia Transmission Company. Patchen Place then redistributes its gas to apartment units through a network of steel and plastic pipelines.

Patchen Place, as a master meter operator, is subject to the safety jurisdiction of the Commission, pursuant to KRS 278.495. Patchen Place is also subject to Commission jurisdiction under the authority of and in compliance with federal pipeline safety laws, 49 U.S.C. § 60101, *et seq.*, and the regulations of 49 CFR 189-199 and KRS 278.992(1). Pursuant to these statutes and 49 CFR 189-199, the Commission promulgated Administrative Regulation 807 KAR 5:022.

On August 5, 1999, Commission Staff submitted to the Commission a Comprehensive Inspection Report alleging Patchen Place was in violation of Commission regulations. On September 3, 1999, the Commission issued an Order requiring Patchen Place to show cause why it should not be penalized for the alleged

violations. Pursuant to that Order, Patchen Place filed a response and requested an informal conference with Commission Staff.

On September 27, 1999, an informal conference was held in which Patchen Place and Commission Staff entered into a settlement agreement wherein Patchen Place waived a formal hearing and agreed that it was in violation of the following regulations:

1. Patchen Place did not perform the required corrosion inspection in 1998. 49 CFR 192.465 and 807 KAR 5:022, Section 10(9)(a).
2. The required annual valve inspection was not conducted in 1998. 49 CFR 192.747 and 807 KAR 5:022, Section 14(25).
3. Patchen Place did not patrol its gas system in 1998 as required. 49 CFR 192.721 and 807 KAR 5:022, Section 14(12).
4. A leakage survey was not conducted in 1998. 49 CFR 192.723 and 807 KAR 5:022, Section 14(13)(b)(1).

The settlement agreement further provided for the assessment of a civil penalty of \$2,000 under certain terms and conditions.

The Commission finds that the settlement agreement, dated October 21, 1999, is fair and reasonable and shall be approved.

IT IS THEREFORE ORDERED that:

1. The settlement agreement, attached hereto, be and hereby is incorporated into this Order as if fully set forth herein.
2. Patchen Place is assessed a civil penalty of \$2,000 for violations, pursuant to KRS 278.992(1).

3. Within 10 days of the date of this Order, Patchen Place shall pay to the Commonwealth of Kentucky the sum of \$500. This payment shall be in the form of a cashier's check made payable to the Kentucky State Treasurer, and shall be mailed or delivered to the Office of General Counsel, Public Service Commission, 730 Schenkel Lane, Post Office Box 615, Frankfort, Kentucky 40602.

4. The balance of the penalty, or \$1,500, shall be held in abeyance for 3 years upon the following conditions:

a. No repeat violations of these regulations shall exist upon a re-inspection of Patchen Place to be performed within 60 days from the date of this Order.

b. The appropriate personnel of Patchen Place shall attend annually for 3 years gas safety training seminars such as those sponsored by Kentucky Gas Association or United States Department of Transportation/Office of Pipeline Safety, and retain attendance records for the Commission's inspection.

Done at Frankfort, Kentucky, this 13th day of January, 2000.

By the Commission

ATTEST:


Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE
KENTUCKY PUBLIC SERVICE COMMISSION

IN CASE NO. 99-355

DATED January 13, 2000.

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PATCHEN PLACE APARTMENTS)
)
 _____) CASE NO. 99-355
)
 ALLEGED VIOLATIONS OF)
 ADMINISTRATIVE REGULATION)
 807 KAR 5:022)

SETTLEMENT AGREEMENT

On September 3, 1999, the Commission issued an Order to Patchen Place Apartments ("Patchen Place") to show cause why it should not be penalized for the following violations:

1. Did not perform the required corrosion inspection in 1998. 49 CFR 192.465 and 807 KAR 5:022, Section 10(9)(a).
2. Did not conduct the required annual valve inspection in 1998. 49 CFR 192.747 and 807 KAR 5:022, Section 14(25).
3. Did not patrol its gas system in 1998 as required. 49 CFR 192.721 and 807 KAR 5:022, Section 14(12).
4. Did not conduct a leakage survey in 1998. 49 CFR 192.723 and 807 KAR 5:022, Section 14(13)(b)1.

On September 23, 1999, Patchen Place filed a response to that Order and was granted an informal conference with Commission Staff to determine if this matter could be resolved without a formal hearing. At that conference, Patchen Place admitted that it

was in violation of the regulations as contained in the Order of September 3, 1999 and as set out above. In mitigation of the penalty imposed under KRS 278.992, Patchen Place presented to Staff certain documents from Moore Pipeline Corrosion Service, Inc. ("Moore") indicating that Patchen Place was in the process of obtaining the necessary inspections, surveys, and equipment to enable it to comply and remain in compliance with Commission regulations. In consideration of Patchen Place's good faith attempt to comply with Commission regulations and its remedial actions undertaken with Moore, the Staff and Patchen Place have entered into the following settlement agreement:

1. Patchen Place shall be assessed a civil penalty of Two Thousand Dollars (\$2,000).

2. Patchen Place shall pay Five Hundred Dollars (\$500) of this penalty as directed by the Commission.

3. The balance of the penalty, or One Thousand Five Hundred Dollars (\$1,500), shall be held in abeyance for three years upon the following conditions:

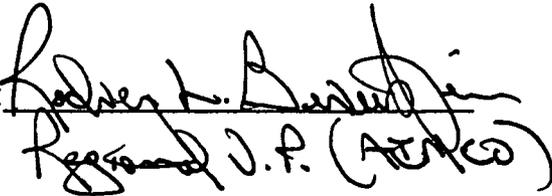
a. No further violations of these regulations upon a re-inspection of Patchen Place to be performed within 60 days from the date of the Commission's Order.

b. Patchen Place shall obtain training for its operational or maintenance personnel in the safe and proper operation of a natural gas system as the Commission may direct.

4. Patchen Place waives its right to a public hearing and agrees to submit this settlement agreement to the Commission for a decision.

5. This settlement agreement is subject to the approval of the Public Service Commission. If the Public Service Commission fails to adopt this agreement, this settlement shall not be binding on any of the parties.

PATCHEN PLACE APARTMENTS

By: 
Raymond J. P. (AT&CO)

Dated: 10/21/99

PUBLIC SERVICE COMMISSION OF KENTUCKY

By: 
J. R. Goff, Staff Attorney

Dated: 10-21-99



COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION
730 SCHENKEL LANE
POST OFFICE BOX 615
FRANKFORT, KENTUCKY 40602
www.psc.state.ky.us
(502) 564-3940

November 3, 1999

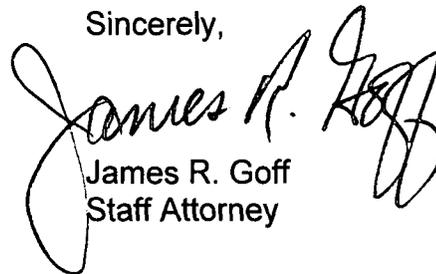
Ms. Helen C. Helton
Executive Director
Public Service Commission
Post Office Box 615
Frankfort, Kentucky 40602

Re: Case No. 99-355

Dear Ms. Helton:

Attached please find a Settlement Agreement entered into between Patchen Place Apartments and Staff for filing in the above-referenced case. The signatories to this Settlement Agreement request that the Commission review and approve it as quickly as possible.

Sincerely,


James R. Goff
Staff Attorney

Attachment

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PATCHEN PLACE APARTMENTS)
)
 _____) CASE NO. 99-355
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 ALLEGED VIOLATIONS OF)
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2. Did not conduct the required annual valve inspection in 1998. 49 CFR 192.747 and 807 KAR 5:022, Section 14(25).
3. Did not patrol its gas system in 1998 as required. 49 CFR 192.721 and 807 KAR 5:022, Section 14(12).
4. Did not conduct a leakage survey in 1998. 49 CFR 192.723 and 807 KAR 5:022, Section 14(13)(b)1.

On September 23, 1999, Patchen Place filed a response to that Order and was granted an informal conference with Commission Staff to determine if this matter could be resolved without a formal hearing. At that conference, Patchen Place admitted that it

was in violation of the regulations as contained in the Order of September 3, 1999 and as set out above. In mitigation of the penalty imposed under KRS 278.992, Patchen Place presented to Staff certain documents from Moore Pipeline Corrosion Service, Inc. ("Moore") indicating that Patchen Place was in the process of obtaining the necessary inspections, surveys, and equipment to enable it to comply and remain in compliance with Commission regulations. In consideration of Patchen Place's good faith attempt to comply with Commission regulations and its remedial actions undertaken with Moore, the Staff and Patchen Place have entered into the following settlement agreement:

1. Patchen Place shall be assessed a civil penalty of Two Thousand Dollars (\$2,000).
2. Patchen Place shall pay Five Hundred Dollars (\$500) of this penalty as directed by the Commission.
3. The balance of the penalty, or One Thousand Five Hundred Dollars (\$1,500), shall be held in abeyance for three years upon the following conditions:
 - a. No further violations of these regulations upon a re-inspection of Patchen Place to be performed within 60 days from the date of the Commission's Order.
 - b. Patchen Place shall obtain training for its operational or maintenance personnel in the safe and proper operation of a natural gas system as the Commission may direct.
4. Patchen Place waives its right to a public hearing and agrees to submit this settlement agreement to the Commission for a decision.

5. This settlement agreement is subject to the approval of the Public Service Commission. If the Public Service Commission fails to adopt this agreement, this settlement shall not be binding on any of the parties.

PATCHEN PLACE APARTMENTS

By: 
Robert L. Burdette
Regional V.P. (AT&T)

Dated: 10/21/99

PUBLIC SERVICE COMMISSION OF KENTUCKY

By: 
J. R. Goff, Staff Attorney

Dated: 10-21-99



COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION
730 SCHENKEL LANE
POST OFFICE BOX 615
FRANKFORT, KENTUCKY 40602
www.psc.state.ky.us
(502) 564-3940

October 14, 1999

Mr. Robert L. Swisher
Gerals, Jones, Sherrow, Schrader & Rice
259 West Short Street
Lexington, Kentucky 40507

RE: Case No. 99-355
Patchen Place Apartments

Dear Mr. Swisher:

Enclosed please find a memorandum that has been filed in the record of the above-referenced case. Any comments regarding this memorandum's contents should be submitted to the Commission within five days of receipt of this letter. Any questions regarding this memorandum should be directed to J.R. Goff at 502/564-3940, Extension 261.

Sincerely,

A handwritten signature in cursive script that reads "Helen C. Helton".

Helen C. Helton
Executive Director

JRG/v

Attachment

INTRA-AGENCY MEMORANDUM

KENTUCKY PUBLIC SERVICE COMMISSION

TO: Main Case File No. 99-355
FROM: J. R. Goff, Staff Attorney 
DATE: October 14, 1999
RE: Patchen Place Apartments
Informal conference, September 27, 1999

On September 27, 1999, Patchen Place Apartments (Patchen Place") met with Commission Staff for an informal conference. Those present at that conference signed the attached sheet.

Staff explained the purpose of the conference and reviewed the violations as set out in the Commission Order of September 3, 1999, as follows:

1. Did not perform the required corrosion inspection. 49 CFR 192.465 and 807 KAR 5:022, Section 10(9)(a).
2. Did not conduct the required annual valve inspection in 1998. 49 CFR 192.747 and 807 KAR 5:022, Section 14(25).
3. Did not patrol its gas system in 1998 as required. 49 CFR 192.721 and 807 KAR 5:022, Section 14(12).
4. Did not conduct a leakage survey in 1998. 49 CFR 192.723 and 807 KAR 5:022, Section 14(13)(b) 1.

It was noted that Patchen Place had filed a response to the allegations, which indicated that Patchen Place had changed hands on October 1, 1998, and that present management was not aware of the requirements of the regulations. Patchen Place also presented documents showing that it has contracted with a gas service to perform the required inspections and surveys. Patchen Place did not contest that the required surveys were not conducted or that they did not have records to show the surveys had been conducted, as contained in the inspection report of August 5, 1999.

Patchen Place and Staff agreed that they would enter into a settlement agreement for the assessment of a civil penalty of \$2000. \$500 of that penalty would be payable as ordered by the Commission and the balance of \$1,500 would be held in abeyance for three years and then probated subject to the following conditions:

1. There shall be no further violations upon a re-inspection of Patchen Place to be performed within 60 days from the date of the Commission's Order.
2. There shall be no repeat violations by Patchen Place within the next three years.
3. Patchen Place managing staff shall obtain training for its operational or maintenance personnel in the safe and proper operation of a natural gas system as the Commission may direct.

The Commission Staff agreed to submit the settlement agreement to the Commission and request approval. If the Commission does not approve the agreement, neither party will be bound by the terms thereof.

The meeting was adjourned.



COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION
730 SCHENKEL LANE
POST OFFICE BOX 615
FRANKFORT, KENTUCKY 40602
www.psc.state.ky.us
(502) 564-3940
Fax (502) 564-1582

Ronald B. McCloud, Secretary
Public Protection and
Regulation Cabinet

Helen C. Helton
Executive Director
Public Service Commission

Paul E. Patton
Governor

October 14, 1999

Mr. Robert L. Swisher
Gerals, Jones, Sherrow, Schrader & Rice
259 West Short Street
Lexington, Kentucky 40507

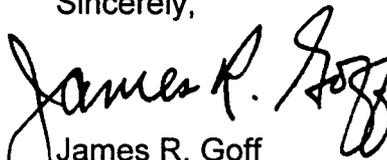
Re: Case No. 99-355
Patchen Place Apartments

Dear Mr. Swisher:

Enclosed is a proposed Settlement Agreement in duplicate. If you approve the Agreement, please have it executed by the appropriate official of Patchen Place Apartments and return it as soon as possible. After the Commission accepts the Agreement, you will receive an Order requiring payment of the \$500 portion of the total civil penalty in the amount of \$2,000.

A self-addressed envelope is enclosed for your convenience. You may reach me at 502/564-3940, Extension 261, if you have any questions.

Sincerely,


James R. Goff
Staff Attorney

JRG/v

Attachments

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PATCHEN PLACE APARTMENTS)	
)	
_____)	CASE NO. 99-355
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4. Patchen Place waives its right to a public hearing and agrees to submit this settlement agreement to the Commission for a decision.

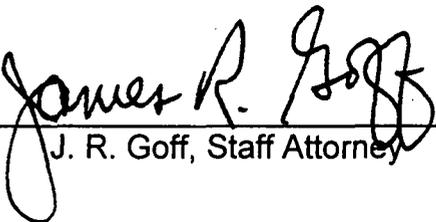
5. This settlement agreement is subject to the approval of the Public Service Commission. If the Public Service Commission fails to adopt this agreement, this settlement shall not be binding on any of the parties.

PATCHEN PLACE APARTMENTS

By: _____

Dated: _____

PUBLIC SERVICE COMMISSION OF KENTUCKY

By:  _____
J. R. Goff, Staff Attorney

Dated: _____

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED
SEP 22 1999
PUBLIC SERVICE
COMMISSION

IN THE MATTER OF:

PATCHEN PLACE APARTMENTS

CASE NO 9-355

RESPONSE OF PATCHEN PLACE APARTMENTS

* * * * *

Comes Patchen Place Apartments, by and through counsel, and for its Response to the Commissioner's Order and the allegations contained in the Comprehensive Inspection Report, states as follows:

1. That Apartment Investment and Management Company purchased Patchen Place Apartments on October 1, 1998. Prior to October 1, 1998, Patchen Place Apartments was owned and managed by Insignia Residential.

2. That at the time Apartment Investment and Management Company purchased Patchen Place Apartments, Insignia Residential did not advise said purchaser that the inspection and patrolling required by 807 KAR 5:022 had not yet been conducted for the year 1998. In prior years, those inspections had occurred in June, July and August.

3. That since the date of the 1997 inspection, Patchen Place Apartments experienced a nearly complete employee turnover to the extent that no one on site was familiar with the inspection requirements.

4. When Apartment Investment and Management Company became aware of the alleged violations, pursuant to the Public Service

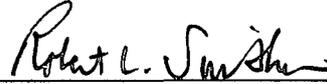
Commission's Order dated September 3, 1999, it made arrangements with a qualified inspector, Moore Pipeline Corrosion Service, Inc., to conduct the appropriate inspections, all of which have now been conducted. In addition, the Apartment Investment and Management Company is making arrangements with Moore Pipeline Corrosion Service to undertake remedial actions necessary to repair conditions disclosed by said inspection.

5. That Patchen Place Apartments' current owner, Apartment Investment and Management Company, will fully comply with all inspection requirements on a timely basis in the future. Attached hereto as Exhibit "A" is a letter from Rod Beverstein, Regional Vice President of Apartment Investment and Management Company to the Public Service Commission in response to the show cause order which letter is incorporated herein by reference as if more fully set forth.

6. That Apartment Investment and Management Company submits that any violation of the requirements of 807 KAR 5:022 were inadvertent and unintentional and have now been remedied.

WHEREFORE, Patchen Place Apartments respectfully requests that the hearing Order be dismissed without further fine, penalty or assessment against Patchen Place Apartments and that the show cause hearing scheduled for September 30, 1999, be cancelled.

GERALDS, JONES, SHERROW,
SCHRADER & RICE, P.S.C.
259 West Short Street
Lexington, KY 40507
(606) 255-7946



ROBERT L. SWISHER
ATTORNEY FOR PATCHEN PLACE
APARTMENTS

CERTIFICATE

This is to certify that a true and correct copy of the foregoing has been served by mail this 21 day of September, 1999, upon the following counsel of record:

Ms. Helen C. Helton
Executive Director
Public Service Commission
730 Schenkel Lane
P.O. Box 615
Frankfort, KY 40601

Ms. Stephanie Bell
Secretary of the Public Service Company
730 Schenkel Lane
P.O. Box 615
Frankfort, KY 40602

Hon. J.R. Goff
Attorney for Public Service Commission
730 Schenkel Lane
P.O. Box 615
Frankfort, KY 40602



ROBERT L. SWISHER
ATTORNEY FOR PATCHEN PLACE
APARTMENTS

AIMCO

Apartment Investment and Management Company

*Ann
FYI*

September 16, 1999

Ms. Stephanie Bell, Secretary of the Commission
Commonwealth of Kentucky
Public Service Commission
730 Schenkel Lane
Post Office Box 615
Frankfort, KY. 40602

RE: Patchen Place Apartments

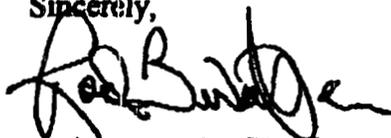
Dear Ms. Bell:

This letter is to acknowledge receipt of the notice of hearing of Case No. 99-355, in regard to Patchen Place Apartments. Said order states that in 1998, Patchen Place failed to comply with various Administrative Rules of the State of Kentucky regarding the inspection of the apartment community's internal natural gas delivery system. Please be advised that AIMCO is the current owner and manager of Patchen Place, having purchased Insignia Residential's interest in October of 1998.

At the time that we made this purchase the seller failed to inform us that this inspection was outstanding. In addition, the community experienced nearly a 100% employee turnover since the date of the 1997 inspection, including the community manager. Therefore, no one at the site was familiar with the inspection requirement as well.

As stated in the Hearing Order, the inspections have now been conducted, and any and all deficiencies have been corrected. In the future we intend to fully comply with all inspection requirements promptly. Based on these factors we respectfully request that this matter be dismissed with no penalty assessed. Thank you for your consideration in this matter.

Sincerely,



Rod Beverstein, CPMO
Regional Vice President

AIMCO

Apartment Investment and Management Company

September 16, 1999

RECEIVED

SEP 20 1999

PUBLIC SERVICE
COMMISSION

Ms. Stephanie Bell, Secretary of the Commission
Commonwealth of Kentucky
Public Service Commission
730 Schenkel Lane
Post Office Box 615
Frankfort, KY. 40602

RE: Patchen Place Apartments

Dear Ms. Bell:

This letter is to acknowledge receipt of the notice of hearing of Case No. 99-355, in regard to Patchen Place Apartments. Said order states that in 1998, Patchen Place failed to comply with various Administrative Rules of the State of Kentucky regarding the inspection of the apartment community's internal natural gas delivery system. Please be advised that AIMCO is the current owner and manager of Patchen Place, having purchased Insignia Residential's interest in October of 1998.

At the time that we made this purchase the seller failed to inform us that this inspection was outstanding. In addition, the community experienced nearly a 100% employee turnover since the date of the 1997 inspection, including the community manager. Therefore, no one at the site was familiar with the inspection requirement as well.

As stated in the Hearing Order, the inspections have now been conducted, and any and all deficiencies have been corrected. In the future we intend to fully comply with all inspection requirements promptly. Based on these factors we respectfully request that this matter be dismissed with no penalty assessed. Thank you for your consideration in this matter.

Sincerely,



Rod Beverstein, CPM®
Regional Vice President



COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION
730 SCHENKEL LANE
POST OFFICE BOX 615
FRANKFORT, KY. 40602
(502) 564-3940

September 24, 1999

Tom Combs
Maintenance Supervisor
Patchen Place Apartments
200 Patchen Place
Lexington, KY. 40517

RE: Case No. 99-355

We enclose one attested copy of the Commission's Order in
the above case.

Sincerely,

A handwritten signature in cursive script that reads "Stephanie Bell".

Stephanie Bell
Secretary of the Commission

SB/sa
Enclosure

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PATCHEN PLACE APARTMENTS)
)
 _____) CASE NO. 99-355
)
 ALLEGED VIOLATIONS OF)
 ADMINISTRATIVE REGULATION)
 807 KAR 5:022)

O R D E R

On September 3, 1999, the Commission issued an Order requiring Patchen Place Apartments ("Patchen Place") to show cause why it should not be penalized for violations of Commission regulations. Under the provisions of that Order, Patchen Place has moved for an informal conference with the Commission Staff.

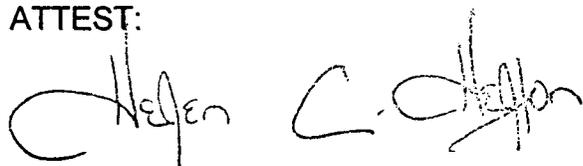
The Commission, being sufficiently advised, HEREBY ORDERS that:

1. Patchen Place shall appear for an informal conference with Commission Staff on Monday, September 27, 1999, at 9:00 a.m., Eastern Daylight Time, in Conference Room 2 of the Commission's offices at 730 Schenkel Lane, Frankfort, Kentucky.
2. Patchen Place shall bring all documents supporting its position and shall be represented by counsel or corporate officer authorized to enter into a settlement agreement.

Done at Frankfort, Kentucky, this 24th day of September, 1999.

By the Commission

ATTEST:

A handwritten signature in black ink, appearing to read "Stephen C. Chapman". The signature is written in a cursive style with some loops and flourishes.

Executive Director



COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION
730 SCHENKEL LANE
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Fax (502) 564-1582

Ronald B. McCloud, Secretary
Public Protection and
Regulation Cabinet

Helen Helton
Executive Director
Public Service Commission

Paul E. Patton
Governor

September 14, 1999

Ms. Ann Felknor
Regional Property Manager
AIMCO
721 Walker Springs Road, C-1
Knoxville, TN 37923

RE: Case Number 99-355

Dear Ms. Felknor,

In response to your facsimile, dated September 13, 1999, your letter has been referred to me. The attachment to the Commission Order in Case Number 99-355, dated September 3, 1999, did provide a suggested date for a response with a plan of correction to the cited deficiencies for Commission Approval. The actual order said that this information was to be filed 20 days after the date of the Order, or on September 23, 1999.

Therefore, a request for additional time to file this information is not necessary. It is still due in this office by September 23, 1999.

If you have any questions, please contact me at (502) 564-3940, extension 271.

Sincerely,

A handwritten signature in black ink, appearing to read "Bill Feldman".

Bill Feldman
Assistant Director
Filings Division
Kentucky Public Service Commission

cc: David Kinman



AIMCO

Apartment Investment and Management Company

Ms. Stephanie Bell
Mr. David Kinman
Commonwealth of Kentucky
Public Service Commission
730 Schenkel Lane
P.O. Box 615
Frankfort, KY 40602

RECEIVED
SEP 13 1999
PUBLIC SERVICE
COMMISSION

Via Facsimile

September 13, 1999

Dear Ms. Bell and Mr. Kirman,

This letter is in response to Case NO. 99-355 regarding Patchen Place Apartments in Lexington, Kentucky. On September 9, 1999 the community manager received an order regarding alleged violations of administrative regulation she forwarded the order to my attention on September 10, 1999. The order was dated August 5, 1999, and accompanied by a cover letter from Ms. Bell dated September 3, 1999. In the body of the order a response is requested by September 6, 1999, due to the fact the order was not received until after the date the response was requested we are requesting additional time in which to respond. A response will be prepared and immediately sent to your attention.

If you need additional information please contact me at 423-694-6031.

Sincerely,



Ann Felknor
Regional Property Manger



COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION
730 SCHENKEL LANE
POST OFFICE BOX 615
FRANKFORT, KY. 40602
(502) 564-3940

September 3, 1999

Tom Combs
Maintenance Supervisor
Patchen Place Apartments
200 Patchen Place
Lexington, KY. 40517

RE: Case No. 99-355

We enclose one attested copy of the Commission's Order in
the above case.

Sincerely,


Stephanie Bell
Secretary of the Commission

SB/sa
Enclosure

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PATCHEN PLACE APARTMENTS)
)
_____)
)
ALLEGED VIOLATIONS OF)
ADMINISTRATIVE REGULATION)
807 KAR 5:022)

CASE NO. 99-355

ORDER

Patchen Place Apartments ("Patchen Place") is a master meter system operator that receives natural gas from the Columbia Gas of Kentucky system. Patchen Place then redistributes its gas to apartment units through a network of steel and plastic pipelines.

Patchen Place, as a master meter operator, is subject to the safety jurisdiction of the Commission, pursuant to KRS 278.040 and KRS 278.495. Patchen Place is also subject to Commission jurisdiction under the authority of and in compliance with federal pipeline safety laws, 49 U.S.C. § 60101, *et seq.*, and the regulations of 49 CFR 189-199.

Pursuant to these statutes and 49 CFR 189-199, the Commission promulgated Administrative Regulation 807 KAR 5:022. Commission Staff has submitted to the Commission a Comprehensive Inspection Report, dated August 5, 1999, in which Commission Staff alleges the following violations:

1. No corrosion inspection conducted in 1998 as required by KAR 5:022, Section 10(9)(a), and 49 CFR Part 192.465.

2. No annual valve inspection conducted in 1998 as required by 807 KAR 5:022, Section 14(25), and 49 CFR Part 192.747.

3. No system patrolling conducted in 1998 as required by 807 KAR 5:022, Section 14(12), and 49 CFR Part 192.721.

4. No leakage survey conducted in 1998 as required by 807 KAR 5:022, Section 14(13)(b)1, and 49 CFR Part 192.723.

Based on its review of the Comprehensive Inspection Report, and being otherwise sufficiently advised, the Commission finds *prima facie* evidence that Patchen Place has failed to comply with Administrative Regulation 807 KAR 5:022.

The Commission, on its own motion, HEREBY ORDERS that:

1. Patchen Place shall appear before the Commission on September 30, 1999, at 9:30 a.m., Eastern Daylight Time, in Hearing Room 1 of the Commission's offices at 730 Schenkel Lane, Frankfort, Kentucky, for the purpose of presenting evidence concerning the alleged violations of Administrative Regulation 807 KAR 5:022, and of showing cause why it should not be subject to the penalties prescribed in KRS 278.990(1) and KRS 278.992(1) for these alleged violations.

2. The Comprehensive Inspection Report, dated August 5, 1999, a copy of which is appended hereto, is made part of the record of this proceeding.

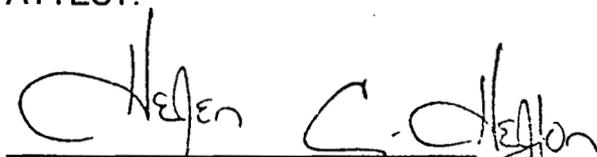
3. Within 20 days of the date of this Order, Patchen Place shall submit to the Commission a written response to the allegations contained in the Comprehensive Inspection Report.

4. Any motion requesting an informal conference with Commission Staff to consider matters that would aid in the handling or disposition of this proceeding shall be filed with the Commission no later than 20 days from the date of this Order.

Done at Frankfort, Kentucky, this 3rd day of September, 1999.

By the Commission

ATTEST:


Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION
IN CASE NO. 99-355, DATED SEPTEMBER 3, 1999

COMMONWEALTH OF KENTUCKY PUBLIC SERVICE COMMISSION

COMPREHENSIVE INSPECTION REPORT

PATCHEN PLACE APARTMENTS
Lexington, Kentucky

August 5, 1999

BRIEF

A comprehensive inspection of the natural gas system of the Patchen Place apartment complex was conducted on April 9, 1999. This inspection was conducted in accordance with the Public Service Commission's ("PSC") policy of inspecting all jurisdictional operators. Natural gas operators are jurisdictional to the PSC under KRS 278.040, 278.495 and also through a 5(a) Agreement with the United States Department of Transportation, Office of Pipeline Safety, for the enforcement of the Natural Gas Pipeline Safety Act of 1968.

INSPECTION

Patchen Place is a master meter natural gas operator that receives its gas through the Columbia Gas of Kentucky system and then redistributes its gas to several hundred apartments through a network of steel and plastic pipelines. Gas is used in the complex for a variety of purposes including heat, hot water and cooking.

A master meter system is defined in 49 CFR Part 191.3 as a pipeline system for delivering gas within, but not limited to, a definable area such as a mobile home park, housing or apartment complexes where the operator purchases gas from an outside source for resale through a gas distribution system. The gas distribution pipeline

system supplies the ultimate consumer who either purchases the gas directly or through other means, such as rent.

The intent of this inspection and subsequent inspections of other master meter operators is to afford the residents of these master meter complexes the same standards of safety that are required by other operators.

During the inspection the Operating and Maintenance and Emergency Plans, leakage survey, corrosion survey, key valve and records were reviewed along with other pertinent records.

Deficiencies noted during this inspection will be further discussed in the findings section of this report.

FINDINGS

The following deficiencies were noted during the inspection:

1. Patchen Place, in 1998, did not perform the required corrosion inspection. 49 CFR 192.465 and 807 KAR 5:022, Section 10(9)(a).
2. The required annual valve inspection was not conducted in 1998. 49 CFR 192.747 and 807 KAR 5:022, Section 14(25).
3. Patchen Place did not patrol its gas system in 1998 as required. 49 CFR 192.721 and 807 KAR 5:022, Section 14(12).
4. A leakage survey was not conducted in 1998. 49 CFR 192.723 and 807 KAR 5:022, Section 14(13)(b)1.

At the time of the inspection, local management and maintenance personnel were unaware of the fact that Patchen Place was a master meter natural gas operator. They were unprepared either through training, knowledge or experience to operate a natural gas system in a safe and prudent manner. The upper management of Patchen Place has failed to pass this information to its new onsite maintenance and management personnel.

RECOMMENDATIONS

It is recommended that Patchen Place:

1. Immediately conduct a cathodic protection survey and repair any substandard readings.
2. Immediately conduct valve inspections to be assured that they will operate in the event of an emergency.
3. Begin patrolling this system immediately, note any abnormalities and correct them as soon as possible.
4. Conduct a leakage survey immediately and repair all leakage found in a timely manner.

In order to safely operate a natural gas system maintenance personnel must have training on the safe and proper ways to respond to leakage calls and also how to handle gas in an emergency. This training is available through the Kentucky Gas Association.

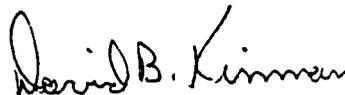
Report – Patchen Place Apartments
August 5, 1999
Page 4

Further information on the Kentucky Gas Association training seminars may be obtained by contacting Dr. Paul Lyons, Kentucky Gas Association, 92 Chestnut Street, Murray, Kentucky 42071, (502) 753-2151 or (800) 455-9427, email: itskga@ltd.net, web address: <http://www.kygas.org>.

It is further recommended that a copy of this report be sent to Patchen Place directing it to respond by September 6, 1999 with a plan of correction to the cited deficiencies for Commission approval.

It is further recommended that the Commission initiate a hearing to allow Patchen Place to show cause why it should not be penalized for failure to comply with the pipeline safety regulations.

Respectfully submitted,



David B. Kinman
Gas Utility Investigator
Gas Branch

DBK:dcp
9905800

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